

WASHINGTON, D.C. - As part of ongoing federal efforts to jumpstart the economy, the Treasury Department has announced \$25 billion in bond authority created by the American Recovery and Reinvestment Act. Salinas has been authorized to offer \$3.9 million under the Recovery Zone Bonds program.

"This new bonding authority will allow Salinas to raise the capital it needs to make the investments that will get our economy back into gear," said Congressman Sam Farr (D-Carmel).

Recovery Zone Bonds are targeted to areas particularly affected by job loss and will help local governments obtain financing for much needed economic development projects, such as public infrastructure development, at lower borrowing costs.

"Today's announcement by President Obama of \$3.9 million in Recovery Zone Bonds for Salinas will allow us to accelerate our local economic recovery efforts by investing in infrastructure, rehabilitation and job creation," said Salinas Mayor Dennis Donohue.

The funds are part of in two new types of Recovery Zone Bonds: Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds. Salinas will receive the following:

- Recovery Zone Economic Development Bond: \$1,558,000
- Recovery Zone Facility Bond: \$2,337,000

"Creating the conditions for economic recovery requires addressing the challenges facing state and local governments," said Treasury Secretary Tim Geithner. "State budgets have been scaled back and local services cut at a time when they are most needed. Turning things around requires innovative strategies, which is what the Recovery Act has provided in the form of the Recovery Zone Bonds. The innovative financing tools provided by Recovery Zone Bonds will help state and local governments obtain the financing needed to revitalize our communities."

Recovery Zone Economic Development Bonds will allow state and local governments to obtain lower borrowing costs through a new direct federal payment subsidy, for 45 percent of the interest, to finance a broad range of qualified economic development projects, such as job training and educational programs. Recovery Zone Facility Bonds are a type of traditional tax-exempt private activity bond that may be used by private businesses in designated recovery zones to finance a broad range of depreciable capital projects.

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